

CERTIFIED CAPITAL COMPANIES PROGRAM

The Certified Capital Companies (“CAPCO”) Program created an investment pool directed toward small, high-growth companies with an annual income of no more than \$2 million and no more than 100 employees. Commerce has certified \$50 million, or \$16.6 million each, of certified capital investments in three CAPCOs who are responsible for making qualified investments in qualified Wisconsin businesses. Commerce is responsible for oversight of the CAPCOs.

QUALIFIED BUSINESSES

To be eligible to receive investment from a CAPCO, a business must be a “qualified” business. A business is qualified if it:

1. is headquartered in Wisconsin,
2. is in need of venture capital and is unable to obtain conventional financing,
3. has no more than 100 employees, at least 75% of whom are employed in Wisconsin,
4. has had an average annual net income of not more than \$2 million during its 2 most recent fiscal years,
5. has a net worth that is not in excess of \$5 million,
6. is not predominantly engaged in professional services provided by accountants, lawyers, or physicians,
7. is not engaged in the development of real estate for resale, and
8. is not engaged in banking or lending and does not make any loans to, or investments in, certified capital companies.

QUALIFIED INVESTMENTS

In addition to investing in qualified businesses, investments must also be qualified. An investment is qualified if:

1. the investment is a cash investment in a qualified business for the purchase of:
 - An equity security, or
 - A debt security if the debt has a maturity of at least 5 years and if the debt is unsecured or convertible into equity securities or equity participation instruments, such as options or warrants.

2. the business agrees not to use the proceeds from the investment to relocate its operations,
3. the business agrees not to relocate its headquarters out of the state,
4. the business agrees to maintain at least 75% of its employees in Wisconsin, and
5. the business agrees to maintain at least 75% of its employees at work sites that were maintained by the business.

CERTIFIED CAPITAL COMPANIES

Advantage Capital Wisconsin Partners I, Limited Partnership

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